


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

October 23, 2015

MEMORANDUM

To: Dr. Linda B. Sheppard, Principal  
Candlewood Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2011, through August 31, 2015

Independent Activity Funds (IAFs) of Montgomery County Public Schools (MCPS) are established to promote the general welfare, education, and morale of students as well as to finance the recognized extracurricular activities of the student body. Principals are the fiduciary agents for the IAFs charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fundraisers. They are responsible for ensuring that IAFs are administered in accordance with MCPS policies, regulations, and procedures.

IAF audits are conducted regularly to evaluate compliance with MCPS policies, regulations, and procedures, and to review processes for continuous improvement. Generally accepted audit procedures guide the work of the auditors who examine samples of IAF records and financial accounts selected from documentation of various activities to verify their accuracy as well as to assess the effectiveness of financial control procedures. An IAF audit does not review every transaction or school activity but seeks to provide reasonable assurance that there is compliance with MCPS policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

In our meeting on October 12, 2015, with you and Mrs. Judith Graves, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 3, 2011, and the status of present conditions. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for your school for the period designated above.

Findings and Recommendations

MCPS Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-6). The purpose of each disbursement must be fully explained on this form to record expenditures in appropriate

accounts, and to ensure that expenditures comply with IAF requirements. In our random sample of disbursements, we found that prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditures of IAF funds. We recommend that Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought so that purchase orders and invoices bear a date subsequent to the approval date.

Cash and checks collected by sponsors and others authorized for IAF activities must be remitted with MCPS Form 280-34, *Remittance Slip*, to the administrative secretary on the day they are received. We found instances in which staff collecting funds for field trips were holding funds rather than remitting them timely to the administrative secretary (see MCPS Financial Manual, p. 7-4). We recommend that all staff who collect funds for school activities be reminded of remittance requirements.

#### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement; and
- Funds collected by sponsors must be promptly remitted with MCPS Form 280-34 to the administrative secretary.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of Mrs. Graves which greatly facilitated our audit. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Dr. LaVerne G. Kimball, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

#### Copy to:

Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Dr. Kimball  
Mrs. Chen  
Mrs. DeGraba  
Mrs. Milwit  
Dr. Sirgo

# CANDLEWOOD ELEMENTARY SCHOOL

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*Office of the Principal*



November 16, 2015

## MEMORANDUM

To: Mr. Roger W. Pisha  
Supervisor, Internal Audit

From: Dr. Linda B. Sheppard  
Principal

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2011 through August 31, 2015

I have received the October 23<sup>rd</sup> report covering IAF accounts for the period September 1, 2011 through August 31, 2015. In response to the auditor's findings and recommendations, the following actions have been taken:

Staff will be reminded of MCPS's policy regarding use of Request for Purchase Form 280-54. It has and will be again stressed to the staff that this must be used as written authorization to proceed with a purchase. This form must be filled out and signed by staff member and principal at time of approval. The purpose of the disbursement must be fully explained on this form. Staff not following this procedure will not be reimbursed for purchases not previously approved. Invoices will be signed and dated by the receiver when goods are received.

Staff has been and will again be reminded to turn in money to the administrative secretary on a daily basis. Money should be remitted to the office with MCPS Form 280-34, Remittance Slip. Staff members should not hold money. They will be responsible for money that has not been turned in to the office.

Copy to: Dr. Sarah Sirgo  
Acting Director  
Dr. LaVerne G. Kimball  
Associate Superintendent of Elementary Schools

Fiscal Management Action Plan

School: Candlewood Elementary School  
 Approved by community superintendent: 

Principal: Dr. Linda B. Sheppard

Date of approval: 11/16/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchase requests must be approved by the principal prior to procurement.	At the time that verbal approval is sought from the principal, Form 280-54 will be prepared and signed by both requesting staff and the principal. The principal will ensure detailed documentation/rationale of the purchase is attached to the request. The invoices for the purchase will be signed and dated by the receiver.	As needed	Completed Form 280-54, with documentation of purchase, and receipt of purchase, signed by receiver.
Funds collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the administrative secretary and promptly deposited.	Cash collected will be counted in front of the receiver and a receipt will be issued at that time, by the administrative secretary. Cash will be submitted by sponsors on a daily basis, and the administrative secretary will make deposits, to include on the last working day of each month and before each weekend or holiday. If unable to make a deposit, money will be locked in secure file cabinet.	Daily sponsor submission of funds Immediate receipt of funds Deposits daily as needed, last working day of the month, and before holidays and weekends.	Receipts of funds submitted and bank deposit statements.

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.